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FM AMEMBASSY BEIJING
TO RUEHOO/CHINA POSTS COLLECTIVE PRIORITY
RUEHUL/AMEMBASSY SEOUL PRIORITY 1444
RUEHKO/AMEMBASSY TOKYO PRIORITY 0158
RUEHC/SECSTATE WASHDC PRIORITY 7329
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RHMFISS/DEPT OF HOMELAND SECURITY WASHINGTON DC PRIORITY
RUEAWJA/DEPT OF JUSTICE WASHDC PRIORITY
RUEHIN/AIT TAIPEI PRIORITY 7443

C O N F I D E N T I A L BEIJING 003420

SIPDIS

STATE FOR EAP/CM - WKLEIN, SFLATT
STATE FOR EEB/CIP - SFLYNN, FSAEED
USTR FOR AWINTER, TWINELAND, JGRIER, JMCHALE
COMMERCE FOR ITA - IKASOFF, NMELCHER, JWU
DOJ FOR CCIPS - MUBOSE, SCHEMTOB
FBI FOR LBRYANT
STATE FOR WHITE HOUSE OSTP AMBASSADOR RUSSEL
NSC FOR MHATHAWAY

E.O. 12958: DECL: 12/22/2019
TAGS: [ECON](#) [ETRD](#) [PGOV](#) [EINV](#) [CH](#)
SUBJECT: INDIGENOUS INNOVATION - MINISTRY CLAIMS MEASURES
INTENDED TO THWART PIRACY

REF: A. STATE 124680
[1](#)B. BEIJING 3379
[1](#)C. BEIJING 3296
[1](#)D. BEIJING 3209
[1](#)E. BEIJING 3395

Classified By: Minister Counselor for Economic Affairs William Weinstein.
Reasons 1.4 (b/d)

[1](#)1. (SBU) Econ Minister Counselor (EmbEcon) delivered ref A demarche to Ministry of Commerce (MOFCOM) Director General for American and Oceanic Affairs He Ning December 22 regarding Circular 618 that creates a national accreditation system for indigenous innovation. EmbEcon stressed the Circular discriminated against products produced by Foreign Invested Enterprises (FIEs) and noted its inconsistency with China's stated intention to join the WTO's Government Procurement Agreement. The United States understands and supports China's goal of promoting innovation, he said, as is evidenced by the many US-China research and development projects underway. FIEs have made significant investments in China to produce for the Chinese market. The Circular, however, undermines those efforts and could discourage foreign investors. EmbEcon urged He to delay implementation of the Circular pending consultations.

[1](#)2. (C) DG He noted US concerns and stated he would "duly convey" them to counterparts at the Ministry of Science and Technology (MOST), the Ministry of Finance (MOF) and the National Development and Reform Committee (NDRC). Speaking off the record, He said he did not believe the measures called into doubt Chinese intentions to join the GPA, arguing that when China does join, these measures would be eliminated.

[1](#)3. (C) DG He stated he believes the Circular was put forth "in part" to encourage innovation and to put a stop to the piracy of intellectual property. Chinese industry needs an incentive to "stop stealing everyone else's IP and develop their own."
GOLDBERG